

1987
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CONSENT TO SUBLEASE

WHEREAS, Robert M. Kihlstrom is Lessee to a lease with KING COUNTY, Lessor, said lease dated April 7, 1987; and

WHEREAS, Robert M. Kihlstrom desires to sublease a portion of that leasehold to Galvin Flying Services, Inc., the sublease agreement being herewith attached; and

WHEREAS, KING COUNTY can find no reason to withhold its approval of said sublease.

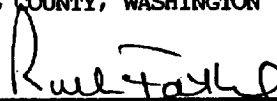
NOW THEREFORE:

KING COUNTY, a political subdivision of the State of Washington does hereby consent to said sublease between Robert M. Kihlstrom and Galvin Flying Services, Inc.

Dated this 6th day of October, 19 87.

KING COUNTY, WASHINGTON

BY



TIM HILL
King County Executive

DATE October 6, 1987

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SUBLEASE

Aug THIS LEASE is made and entered into this 28 day of Aug, 1987, by and between ROBERT M. KIHLSSTROM, (hereinafter called "Lessor") and GALVIN FLYING SERVICE, INC., a Washington corporation (hereinafter called "Lessee").

W I T N E S S E T H:

1. Purpose. This Sublease is intended by the parties to provide for a net lease and rental of certain facilities for various aircraft-related enterprises and services, including parking areas. Such premises are a part of certain real property which is the subject of a lease dated April 7, 1987 ("the County Lease") in which King County is the lessor (the "Prime Lessor") and Robert Kihlstrom is the lessee and to which this Sublease is specifically made subject.

2. Premises.

2.1 New Premises. Lessor, in consideration of the rental to be paid and the covenants and considerations to be performed by Lessee as hereinafter provided, does hereby sublease and sublet unto Lessee, for the terms and conditions hereinafter stated, one hangar building of approximately 17,400 square feet, and approximately 5,800 square feet of office space of a building to be constructed by Lessor, including approach aprons and adjacent parking, all of which are to be constructed and located upon that certain real property situated in King County, Washington, described in Exhibit A attached hereto and incorporated herein by this reference. The real property, the Building, and any improvements to be constructed thereon are referred

to hereinafter as the "new Premises." [Note: Unless specified otherwise, the word "Premises" as used in this Sublease shall mean both "existing" and "new" Premises.]

2.2 Existing Premises. Lessee hereby leases all of those certain existing Premises (commonly known as the Seattle Jet Center) which Premises consist of an office building of approximately 13,075 square feet and a hangar of 14,700 square feet, plus adjacent parking and ramp space all of which is shown on sketch B attached hereto.

Lessor reserves to himself for future construction all of that portion currently leased to Seattle Jet Center lying south of an east-west line (including parking area) which east-west line is 80 feet south of the existing south wall of the Seattle Jet Center (The "reserved" Premises). At such time as Lessor completes construction on the reserved Premises, Lessee shall have the option to exchange its occupancy from the New Premises to those constructed on the reserved premises as stated in paragraph 38(b).

3. Rent; Term. It is the intention of this Sublease that the rent payable by the Lessee herein to the Lessor shall be a net rental of all costs or expenses. In addition to the amounts payable to the Lessor, Lessee shall timely pay to King County (the prime lessor) the ground rental on the entire described premises as well as any leasehold, excise, or property taxes assessable against the premises. Lessee shall also pay for insurance coverage as hereafter stated.

(a) New Premises Rental. Rental for the new Premises shall be \$ [REDACTED] per month for the proposed hangar and offices. The hangar shall be approximately 17,400 sq. ft. and the offices approximately 5,800 sq. ft.

Regarding the hangar space, Lessor is permitted some adjustment in the final size of the hangar (but the hangar shall not be less than 15,000 square feet). Lessee's rent shall be calculated on the actual square footage of the offices and hangar as built. Rental shall be payable monthly on the first of each month.

(b) New Premises - Term. The term for the new Premises shall commence on the first to happen of either of the following: a) occupancy by the tenant, or b) issuance of a certificate of occupancy and such term shall end on the fifth (5th) anniversary of the commencement date. If the commencement date falls between the first (1st) and fifteenth (15th) day of the calendar month, prorated rent shall be paid on the commencement of the Sublease. If the commencement date falls between the sixteenth (16th) and thirtieth (30th) day of the month, rent shall be prorated and paid along with the rent due the first day of the following day of the month.

(c) Existing Premises Rental. Rental on the existing Premises shall be at the rate of \$[REDACTED] per month. A portion of the existing Premises are subject to an existing sublease to Federal Express, which company has the option to extend its initial term pursuant to the attached sublease. Upon commencement of the Sublease for the existing Premises, Federal Express shall be directed to pay all rentals to Galvin.

(d) Annual Rental Adjustment - Both Existing and New Premises. Starting with the first anniversary of the commencement date of this lease, and at each annual anniversary thereafter, the rent for the following year shall be adjusted according to the following formula. The annual rent for each following year shall be computed by

adding one percent to the percentage of increase that has occurred in the cost of living index over the previous year as determined by the CPI percentage increase. The CPI used shall be that published by the Bureau of Labor Statistics Consumer Price Index "all items" urban index for Seattle-Everett. The computation period for the first year shall commence with the commencement date (or the first day of the month closest to the commencement date if the commencement date does not fall on the first of the month) and shall end on the first day of the month preceding the anniversary date of the commencement date; and the CPI percentage increase during that period (plus one percent) shall be the increased rent for the following year. Thereafter, the percentage increase shall be determined annually as of the first of the month preceding the anniversary of the lease commencement date. The annual rental so determined shall then be divided by twelve to compute the adjusted monthly rental.

The above adjustment formula shall not apply if no annual increase in the CPI occurs.

If publication of the Consumer Price Index shall be discontinued, the parties shall accept comparable statistics on the cost of living for the City of Seattle, as they shall be computed and published by an agency of the United States or by a reasonable financial periodical of recognized authority then to be selected by the parties, or, if the parties cannot agree upon a selection, by arbitration. In the event of (1) use of comparable statistics in place of the Consumer Price Index, or (2) publication of the Index figure at other than monthly intervals, there shall be made in the method of computations such revisions as the circumstances may require to carry out the intent of this paragraph, and any dispute between the parties as to

the making of such adjustment shall be determined by arbitration.

(e) Existing Premises - Term. The commencement date shall be September 2, 1990 and the expiration date of the initial term shall coincide with the expiration date for the initial term of the new Premises.

(f) Options to Extend the Term(s). Lessor has granted Lessee options to extend the term of this Sublease for two additional five (5) year terms in accordance with paragraph 38 of this Sublease.

4. Taxes, Assessments, and Other Costs. In addition to the rent under Paragraph 3:

(a) Lessee covenants and agrees to pay promptly upon demand, as additional rent, any increase after the date of commencement of this Sublease in the amount of current real estate taxes, personal property taxes, leasehold tax assessments, assessments or charges based on value, and any other governmental charges payable by Lessor under the County Lease as of the date of commencement upon and against the Premises, any improvements thereon, and any equipment located on the Leased Premises. In addition, Lessee covenants and agrees to pay any other increases after the date of commencement of the Sublease in costs or charges payable by Lessor under the County Lease as of the date of commencement of the Sublease and any new costs or charges added after the date of commencement of the Sublease and payable by Lessor under the County Lease. One-twelfth of any such increase or new cost or charge shall be added to the monthly rent owing hereunder and the Lessor shall notify Lessee in writing of the time when such increase shall take effect. Lessee shall not be responsible for any costs or charges not common to the Premises and shall not be responsible for any governmental costs or charges against

other lessees of the Premises arising out of any such lessee's use of the Premises or which charge would be considered a charge or assessment personal to that lessee.

(b) Lessee covenants and agrees to pay:

(i) Any increase in the amount of Lessor's tax which is hereafter imposed upon rents on the Leased Premises, excluding the Lessor's business and occupation tax (if applicable) and net income taxes;

(ii) Any increase in Lessor's taxes, assessments and governmental charges upon or against the property of Lessor or any property in the custody or possession of Lessee or brought upon the Leased Premises by or with the permission of Lessee, where any such increase is attributable to Lessee's use of the Leased Premises or to Lessee's improvements, buildings, structures, machinery, apparatus, fixtures, facilities, stock, inventory, merchandise, and other property, whether real, personal, or mixed; excluding however Lessor's business and occupation tax (if applicable) and Lessor's net income taxes; and

(iii) Any increase in Lessor's taxes, assessments, and governmental charges [excluding Lessor's business and occupation tax (if applicable) and net income taxes] based on the sales or income produced by Lessee (if otherwise the obligation of Lessor, only to the extent payable if such sales or income were the sole sales or income of Lessor) or upon that income which accrues to Lessee.

Lessee shall hold Lessor and Lessor's property harmless from any and all such increases in Lessor's taxes, assessments, and charges with respect to the Leased Premises and from any and all liens or encumbrances resulting therefrom or incidental thereto.

(c) If during the term of this Sublease any street, roadway, or other public improvements, whether consisting of new construction, maintenance and repair, or reconstruction to be made, the whole or any portion of the cost of which is assessed against the Premises, Lessee agrees to pay its share of such assessed cost. Lessee's share shall be an amount that bears the same ratio to any such assessed cost that the ground area of Lessee's portion of the King County Lease bears to the total ground area of the King County Lease.

If any such assessment may be paid in installments, the Lessee may elect or cause Lessor to elect to have the same paid in such installments, with the Lessee herein to be liable only for those installments accruing during the term of this lease, be it the original term or as it may be extended. An installment accruing partially within the term of this lease and partially outside of said term, shall be prorated between Lessee and Lessor.

(d) Pro-ration. If Lessee's occupation is for a portion of the described Premises, the costs described in this paragraph shall be prorated in accordance with the proportion that the amount of Lessee's occupied building square footage under this Sublease bears to the total building square footage.

New Premises. Pursuant to this Sublease, Lessee shall occupy 23,200 square feet of building space out of a total of 58,000. Accordingly, Lessee's proration fraction is 40%; and Lessee shall pay this proportion of any costs (other than direct costs) required by this Sublease to be paid by the Lessee as additional rent.

Existing Premises. Pursuant to this Sublease, Lessee shall occupy 27,775 square feet of building space out

of a total of 27,775. Accordingly, Lessee's proration fraction is 100% and Lessee shall pay this proportion of any costs (other than direct costs) required by this Sublease to be paid by the Lessee as additional rent.

5. Indemnity and Liability Insurance.

(a) As a material consideration without which this Sublease would not have been made by Lessor, Lessee agrees to and hereby does assume the risk of injury to or death of any person and damage to or destruction of any property, occurring in, upon, and about the Leased Premises or improvements thereon after the commencement of this Sublease arising out of any act or failure to act by Lessee, its agents, invitees, or employees. Lessee shall indemnify and hold harmless Lessor from and against any and all loss, cost, damage, and expenses directly or indirectly resulting from the risks hereby assumed by Lessee, and from and against any and all liability therefor, and from and against any liability of Lessor arising under Paragraph 8 of the County Lease caused by Lessee's willful or negligent acts or omissions, except to the extent any such loss or damage was caused by the Lessor's willful or negligent acts or omissions or omissions of Lessor or Lessor's agents, invitees, employees or any person using the leased premises through or as a result of an agreement with Lessor.

(b) In addition to the rental to be paid by Lessee as herein elsewhere provided, Lessee agrees to maintain public liability insurance on the Premises in the minimum limit of \$250,000 for the property damage and in the minimum of \$500,000/\$1,000,000 for bodily injury and death, with companies having a minimum net worth of \$100,000,000. Lessee shall name Lessor and King County as additional insureds. Lessee shall furnish Lessor a certificate

indicating that the insurance policy is in full force and effect, and that Lessor and King County have been named as additional insureds, and that the policy may not be cancelled unless twenty (20) days' prior written notice of the proposed cancellation has been given to Lessor.

6. Use of Premises. Lessee will use the Leased Premises for purposes consistent with the requirements of the County Lease, and will not use them for any other purposes without the prior written consent of Lessor or in such a manner so as to cause a default under the County Lease. Lessee shall use the Leased Premises in a business-like and responsible manner during the term of this Sublease, with the exception of temporary closures for such period as may reasonably be necessary for repairs or re-decorating or for reasons reasonably beyond Lessee's control.

7. Acceptance of Leased Premises - Quiet Enjoyment. Lessee has examined the existing Leased Premises and accepts them as is, with normal wear and tear accepted, between the date of execution of this Sublease and the date of commencement. Lessor covenants that if and so long as Lessee pays the rental and performs the covenants contained in this Sublease, Lessor shall take all necessary steps to secure to Lessee and to maintain for the benefit of Lessee the quiet and peaceful enjoyment of the Leased Premises. Lessee agrees to accept the new Premises on the earlier of a) issuance of a certificate of occupancy or b) on the date of substantial completion when the Premises are available for occupancy, and Lessee desires to occupy.

8. Compliance With All Laws and Regulations. In using the Leased Premises, Lessee will comply with all applicable Federal, State, County, and Municipal laws, ordinances, and regulations.

9. Liens. Lessee will keep the Premises free from any liens arising out of obligations incurred by the Lessee. Upon written request from Lessor, Lessee will furnish written proof of payment of any charge which could provide the basis for a lien on the Premises if not paid; provided, however, that it shall not be considered a breach of this Sublease for the Lessee to contest any lien on the Premises which it considers invalid. Lessee shall have thirty (30) days from the date of final judgment to remove any lien before the presence of said lien shall be considered a breach of this Sublease.

10. Assignment or Sublease. Lessee shall not assign or transfer this Sublease or any interest therein, nor sublet the whole or any part of the Premises, nor shall this Sublease or any interest thereunder be assignable or transferable by operation of law or by any process or proceeding of any court, or otherwise, without the written consent of the Lessor first had and obtained, which consent shall not be unreasonably withheld nor delayed. If Lessee is a corporation, Lessee agrees that, if at any time during the term of this Sublease more than one-half (1/2) of the outstanding shares of any class of stock is sold, or if Lessee corporation shall belong to any stockholders other than those who own more than one-half (1/2) of the outstanding shares of that class of stock at the time of the execution of this Sublease or to members of their immediate families, such change in the ownership of the stock of the Lessee shall not require the consent of the Lessor, but may require the consent of the Prime Lessor under the County Lease. If the Lessor shall give its consent to any assignment or sublease, this paragraph shall nevertheless continue in full force and effect and no further assignment or sublease shall

be made without the Lessor's consent. If Lessee desires to assign or transfer this Sublease or any interest therein, he shall notify Lessor in writing of said desire to assign or transfer and the details of the proposed agreement, thirty (30) days prior to executing any assignment or transfer to a third party.

Notwithstanding the foregoing, Lessee shall have the right to continue to sublease portions of the Leased Premises (Existing Premises) to Federal Express, Inc. in accordance with the terms and conditions of a sublease between Lessee, as sublessor, and Federal Express, Inc. as sublessee, in the form attached as Exhibit C hereto (the "Federal Express Sublease"), and Lessor agrees that Federal Express, Inc., shall have the option to extend the term of the Federal Express Sublease as provided therein.

11. Termination Defaults. If Lessee files a petition in bankruptcy, or if Lessee is adjudged bankrupt or insolvent by any court, or if a receiver of the property of Lessee is appointed in any proceeding brought by or against Lessee, or if Lessee makes an assignment for the benefit of creditors, or if any proceedings are commenced to foreclose any mortgage or any other lien on Lessee's interest in the Premises, or if Lessee defaults in the performance of any of his obligations under this Sublease, Lessor may terminate this Sublease by written notice to Lessee and re-enter and take possession of the Leased Premises if the payment provisions of this Sublease are in default, or if such assignment constitutes a default by Lessor under the County Lease.

Time is of the essence of this Sublease and in the event of the failure of Lessee to pay the rentals or other charges at the time and in the manner herein specified, or

to keep any of the covenants or agreements herein set forth, the Lessee shall be in default.

If Lessee has defaulted in the performance of any of his obligations under this Sublease, Lessor may terminate this Sublease under the provisions of this paragraph. Lessor will give Lessee ten (10) days' notice in writing stating the nature of the default to permit Lessee to remedy the default within the ten (10) day period. In the event Lessee fails to cure said default, or within said ten (10) day period has commenced to diligently cure said default if said default reasonably takes longer than the ten (10) day period to cure, Lessor may at any time after the expiration of the ten (10) days terminate said Sublease on written notice.

The right of termination upon the filing of a bankruptcy proceeding shall exist absolutely under the filing of any petition under Chapters I through VII of the Bankruptcy Act (provided that, in the case of an involuntary petition, the right shall not accrue until adjudication). If a proceeding is filed by the Lessee under Chapters X through XII of the Bankruptcy Act, the right of the Lessor to terminate the Sublease shall be conditioned upon a showing that the Sublease is in default or that there is a substantial probability the Lessee will not be able to perform its obligations under the Sublease.

12. Termination by Prime Lessor. Paragraphs 15, 16, and 17 of the County Lease authorize cancellation of the County Lease by the Prime Lessor under certain conditions. Cancellation by the Prime Lessor pursuant thereto shall cancel this Sublease, as of the identical time. If Lessee is not in default under any provisions of the Sublease on the date of any such cancellation, any rental or other cost

prepaid by Lessee shall be refunded to Lessee, to the extent allocable to any period subsequent to the effective date of the termination. Lessee shall be released from any and all obligations under the Sublease which would otherwise accrue after any such termination.

13. Waiver. The acceptance of rent by Lessor for any period or periods after a default or of performance of any covenants of this Sublease after a default (other than a payment default) by Lessee will not be considered a waiver of the default by Lessee unless Lessor gives Lessee written notice that the acceptance is a waiver. No waiver by Lessor of any default by Lessee will be construed to be or act as a waiver of any subsequent default by Lessee.

14. Litigation Costs. If either party is required to bring any action to enforce any of the provisions of this Sublease, then the prevailing party shall be entitled, in addition to any other relief granted, to its reasonable costs including attorneys' fees. Any action arising under this Sublease shall be brought in King County, Washington.

15. Cumulative Remedies. No provisions of this Sublease preclude Lessor from pursuing any other remedies for Lessee's failure to perform his obligations.

16. Heirs, Successors and Assigns. Without limiting any provisions of this Sublease pertaining to assignment and subletting, the provisions of this Sublease bind the heirs, legal representatives, successors and assigns of any of the parties to this Sublease.

17. Surrender. At the expiration or termination of this Sublease, Lessee will promptly surrender possession of the Premises to Lessor.

18. Holding Over. If Lessee shall, with the consent of Lessor, hold over after the expiration or sooner termina-

tion of the term of this Sublease, the resulting tenancy shall, unless otherwise mutually agreed, be on a month-to-month basis. During such month-to-month tenancy, Lessee shall pay to Lessor the same rate of rental as set forth herein, unless a different rate shall be agreed upon, or be charged pursuant hereto, and shall be bound by all of the additional provisions of this Sublease agreement insofar as they may be pertinent.

19. Public Use. The Premises and King County Airport are subject to the terms of certain sponsor's assurance made to guarantee the public use of the public airport area of King County Airport as incidental to grant agreements between King County and the United States of America.

20. Right of Flight. The Premises are subject to a right of flights for the passage of aircraft above the Premises for landing at, taking off from, and operating aircraft on or over King County Airport, all in accordance with applicable safety and operating regulations of King County Airport with the Federal Aviation Administration.

21. Employee Conduct. If the Airport Manager finds any of Lessee's employees or agents violating rules or regulations of King County Airport, Lessee will remove the agent or employee from King County Airport upon written notice from the Airport Manager.

22. Nondiscrimination. In all hiring or employment made possible or resulting from this Sublease, there shall be no discrimination against any employee or application for employment because of sex, age, race, color, creed, or national origin, and this requirement shall apply to, but not be limited to the following: employment, advertising, lay-off or termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.

No person shall be denied, or subject to discrimination in receipt of, the benefit of any services or activities made possible by or resulting from this Sublease on the ground of sex, race, color, creed, national origin, or age, except by minimum age and retirement provisions. The Lessee shall be bound by the regulations of the Secretary of Transportation pertaining to nondiscrimination in federally assisted programs as delineated in 49 Code of Federal Regulations, Chapter 21, and Appendices thereto (formerly FAA Regulations, Part 15).

Any violation of this provision shall be considered a violation of a material provision of this Sublease and shall be grounds for cancellation, termination, or suspension, in whole or in part, of the Sublease by Lessor.

23. Advances. If Lessee fails to pay any fees or perform any of its obligations under this Sublease, Lessor may mail notice to Lessee of his failure to pay or perform. Twelve (12) days after mailing notice, if Lessee's obligation remains unpaid or unperformed, Lessor may pay or perform these obligations at Lessee's expense. Upon written notification to Lessee of any costs incurred by Lessor under this paragraph, Lessee will promptly reimburse Lessor.

24. Severability. If any term or provision of this Sublease or the application of any term or provision to any person or circumstance is invalid or unenforceable, the remainder of this Sublease, or the application of the term or provisions to persons or circumstances other than those as to which it is held invalid or unenforceable, will not be affected and will continue in full force.

25. Fire and Casualty Insurance. In addition to the rental to be paid by Lessee as herein elsewhere provided,

Lessee shall cause the Building and improvements on the Premises to be insured against fire (including extended coverage, vandalism and malicious mischief), liability and boiler (should any be installed) for the full replacement value thereof in a company acceptable to Lessor and shall pay its share of the cost thereof. Lessee's share shall be an amount that bears the same ratio to the cost of such fire and casualty insurance that the floor area of Lessee's portion of the Building leased hereunder bears to the total floor area of the Building as stated in Paragraph 2 above. Lessor shall be named as an additional insured, and such policy shall not be cancellable except upon twenty (20) days' written notice to Lessor. Lessor shall receive a copy of each policy entered into pursuant to these provisions. If Lessor considers the company or coverage procured by Lessee to be inadequate, Lessor may notify Lessee thirty (30) days in advance in writing that Lessor will procure coverage satisfactory to Lessor; and Lessee shall pay its prorata share of such cost.

26. Damage or Destruction of Improvements. If during the term of this Sublease, the Building and improvements as constructed by Lessor upon the Premises shall be damaged or destroyed by fire or other peril insured against, Lessor shall proceed from any available insurance proceeds to rebuild or restore the same with reasonable promptness, and this Sublease shall continue, subject, however, to just, reasonable, and proportionate abatement of rents during the period of reconstruction or repair. Lessor shall be entitled to collect and retain the proceeds of all insurance policies covering the property of Lessor if damaged or destroyed; provided any insurance proceeds that are for the specific benefit of Lessee (i.e., business interruption insurance) shall be paid to Lessee.

27. Maintenance. Lessee shall, throughout the term of this Sublease, without cost or expense to Lessor, keep and maintain the Leased Premises and all improvements, fixtures, and equipment which may now or hereafter exist thereon, in good and sanitary order and repair and in a good, safe, and presentable condition consistent with the highest of business practices, excluding the roof, walls, and structural foundation, unless damage to the roof, walls, and structural foundation is caused by the act or failure to act by Lessee, its agents, employees, or invitees. Lessor shall maintain in good repair the roof, exterior structural walls and structural foundation. Lessee shall be responsible for all other exterior maintenance, including (but not limited to) exterior painting and landscaping. If after ten (10) days' notice from Lessor Lessee fails to maintain or repair any part of the Leased Premises or any improvement, landscaping, fixtures, or equipment thereon (or if said work would reasonably take longer than ten (10) days, has failed to diligently commence such work), Lessor may, but shall not be obligated to, enter upon the Leased Premises and perform such maintenance or repair and Lessee agrees to pay the costs thereof to Lessor, upon receipt of a written demand. Any unpaid sums under this paragraph will bear interest at the maximum consumer rate allowed by Washington State law.

28. Utilities. Lessee shall pay for all utility service, including but not limited to, water, sewer, gas, electricity, and oil. Lessee shall remove all its wastes and garbage at its own expense.

29. Alterations. No improvement, including landscaping, shall be erected or placed on the Leased Premises and no alterations will be made in the improvements and facilities constructed or to be constructed on the Leased

Premises without the prior written approval of Lessor; AND PROVIDED FURTHER, that consent to normal alterations incident to the Lessee's (or any sublessee, as the case may be) business shall not be unreasonably withheld nor delayed, PROVIDED, HOWEVER, that Lessor's consent shall not be required for tenant improvements made in conjunction with a sublease for which Lessor's consent is not required under paragraph 10 hereof - Assignment of Sublease.

All improvements, excluding Lessee's trade fixtures, made upon the property by Lessee shall become the property of Lessor upon the termination of this Sublease or at the end of any renewal period of this Sublease. Lessee, upon expiration or sooner termination of this Sublease, shall deliver the Leased Premises to Lessor, including all keys to the space occupied, in a neat and clean condition and in a good as state of repair as the Leased Premises were upon delivery to the Lessee, reasonable wear and tear excepted.

Notwithstanding the above, Lessee is granted authority to construct additional office space within the hangar areas leased to Lessee. Lessor shall not increase the rent to Lessee by virtue of such changed usage. Upon termination of this Sublease (or exchange by Lessee of occupied Premises as permitted by this Sublease), any alterations permitted by this paragraph will a) become the property of Lessor, or b) be removed at Lessee's expense, whichever Lessor elects.

30. Signs. No sign, advertisement, notice, or other lettering will be exhibited, inscribed, painted, or affixed by Lessee on any part of the outside or inside of the Premises without the prior written consent of Lessor, which consent shall not be unreasonably withheld nor delayed. If

Lessee violates this provision, Lessor may remove the signs without any liability and may charge the expense incurred by such removal to the Lessee; provided, however, Lessor shall give Lessee written notice of Lessee's violation of this provision before Lessor shall remove said signs. All signs erected or installed by Lessee shall be subject to any Federal, State, or local statutes, ordinances, or regulations applicable to signs.

31. Inspections Access. Lessor reserves the right to inspect the Leased Premises at any and all reasonable times through the term of this Sublease; provided, that it shall not interfere unduly with Lessee's operations. The right of inspection reserved to Lessor hereunder shall impose no obligations on Lessor to make inspections to ascertain the condition of the Leased Premises, and shall impose no liability upon Lessor for failure to make such inspections.

32. Condemnation. In the event a substantial part of the Premises is taken by right of eminent domain, or purchased by the condemnor, in lieu thereof, so as to render the remaining Premises untenable, then this Sublease shall be cancelled as of the time of taking at the option of either party. In the event of partial taking which does not render the Premises untenable, the rent shall be reduced in direct proportion to the taking. Lessee shall have no claim to any portion of the compensation for the taking of the land or building; provided, however, that nothing herein contained shall constitute or be deemed to be a waiver by the Lessor of or to diminish in any way the Lessee's rights or claims against the condemning agency for damages from loss of business or for relocation expenses for the moving and/or re-establishment of the Lessee's business.

33. "Lessee" Includes Lessees. It is understood and agreed that for convenience the word "Lessee" and verbs and pronouns in the singular number and neuter gender are uniformly used throughout this Sublease, regardless of the number, gender, or fact or incorporation of the party who is, or the parties who are, the actual Lessee or Lessees under this agreement.

34. Clearance of Improvements. Under subparagraphs 32(a) and (b) of the County Lease, Prime Lessor has the right to have the Premises cleared of all improvements under certain conditions. In the event the Prime Lessor invokes its rights thereunder, Lessor shall perform the obligations of the lessee thereunder with respect to the Leased Premises.

35. Captions. The captions in this Sublease are for convenience only and do not in any way limit or amplify the provisions of this Sublease.

36. Notices. All notices hereunder may be personally delivered or mailed. If mailed, they shall be sent certified or registered mail to the following respective addresses:

Lessor: Robert M. Kihlstrom
7675 Perimeter Road
Seattle, WA 98108

with copy to:

Phillip T. Hutchison or
John F. Kovarik
CASEY, PRUZAN & KOVARIK
18th Floor, Pacific Bldg.
Seattle, WA 98104

Lessee: _____

with a copy to:

Hans Johnsen
2100 Pacific Building
Seattle, WA 98104

or to such other respective addresses as either party hereto may hereafter from time to time designate in writing. Notices sent by mail shall be deemed to have been given when properly mailed, and the postmark affixed by the United States Post Office shall be conclusive evidence of the date of mailing.

37. County Lease This Sublease is hereby made expressly subject to, and Lessee agrees to perform, all of the terms, conditions, and provisions of the County Lease in so far as they pertain to Lessee's use and occupancy of the Leased Premises. Any failure of performance by Lessor of its obligations hereunder caused by the Prime Lessor under the terms of the County Lease shall not be deemed a default by Lessor; provided that if any such failure renders the Leased Premises untenable for the purpose of carrying on Lessee's business, Lessee may terminate this Sublease and shall be released from further obligations hereunder. Any default by Lessor in obligation under the County Lease caused by the act or failure to act of Lessee shall be a default in this Sublease. Specific reference in the various terms and provisions of this Sublease to the same or similar terms and conditions arising under the County Lease shall not be deemed to limit the generality of this provision.

Lessor agrees to notify Lessee of any ground rent increase, and Lessee (at its expense) is authorized to challenge any ground rent increase in the name of Lessor if Lessor has not elected to challenge such increase. Upon any decrease in the ground rent, Lessee shall be entitled to a

pro-rata decrease in the ground rent portion of this Sublease.

If Lessor defaults in its obligations to the Prime Lessor (provided such default is not caused by Lessee) and such default is curable by a payment in money, Lessee may at its election cure such defaults of Lessor. If such a cure is made by Lessee, Lessee may then credit any payment made for this purpose against Lessee's obligations payable to Lessor under this Sublease.

38. Options.

(a) Option to Extend. Lessor grants to Lessee an option to extend this Sublease for two terms of five (5) years each. Each option shall be exercised by Lessee giving Lessor written notice of Lessee's election to exercise the option, which notice shall be given not less than ninety (90) days before the expiration of the initial term of this Sublease, or extended term, as the case may be.

(b) Option to Exchange Leaseholds. It is Lessor's intention to construct a combination hangar-office building on the reserved Premises (see paragraph 2.2) which reserved Premises are currently a portion of the existing Premises. Upon completion of such construction, Lessee shall have the option of occupying the identical square footage amounts of office space and hangar space in the completed construction as the Lessee occupies in the new Premises. If Lessee elects to exchange its occupancy of the new Premises to the Premises constructed on the reserved Premises, the rental terms shall be identical to the terms stated in this Sublease.

Lessee shall give Lessor not less than ninety (90) days' written notice of its intention to exchange the location of Lessee's occupancy, as permitted by this section.

All costs of moving Lessee's occupancy shall be at the expense of Lessee.

If Lessee elects to exchange occupancy, Lessee shall also designate how much additional office and hangar space it desires to lease over and above the amounts it is entitled to exchange. Lessor agrees to offer Lessee the opportunity to lease to Lessee such additional amounts of space under terms and rates no more onerous than Lessor is offering to other prospective tenants of the Premises.

39. Consent of King County. Lessor and Lessee shall jointly pursue and obtain King County's consent to this sublease.

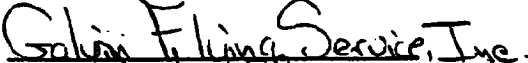
LESSOR:

GUARANTORS:


Robert M. Kihlstrom

By: _____
President

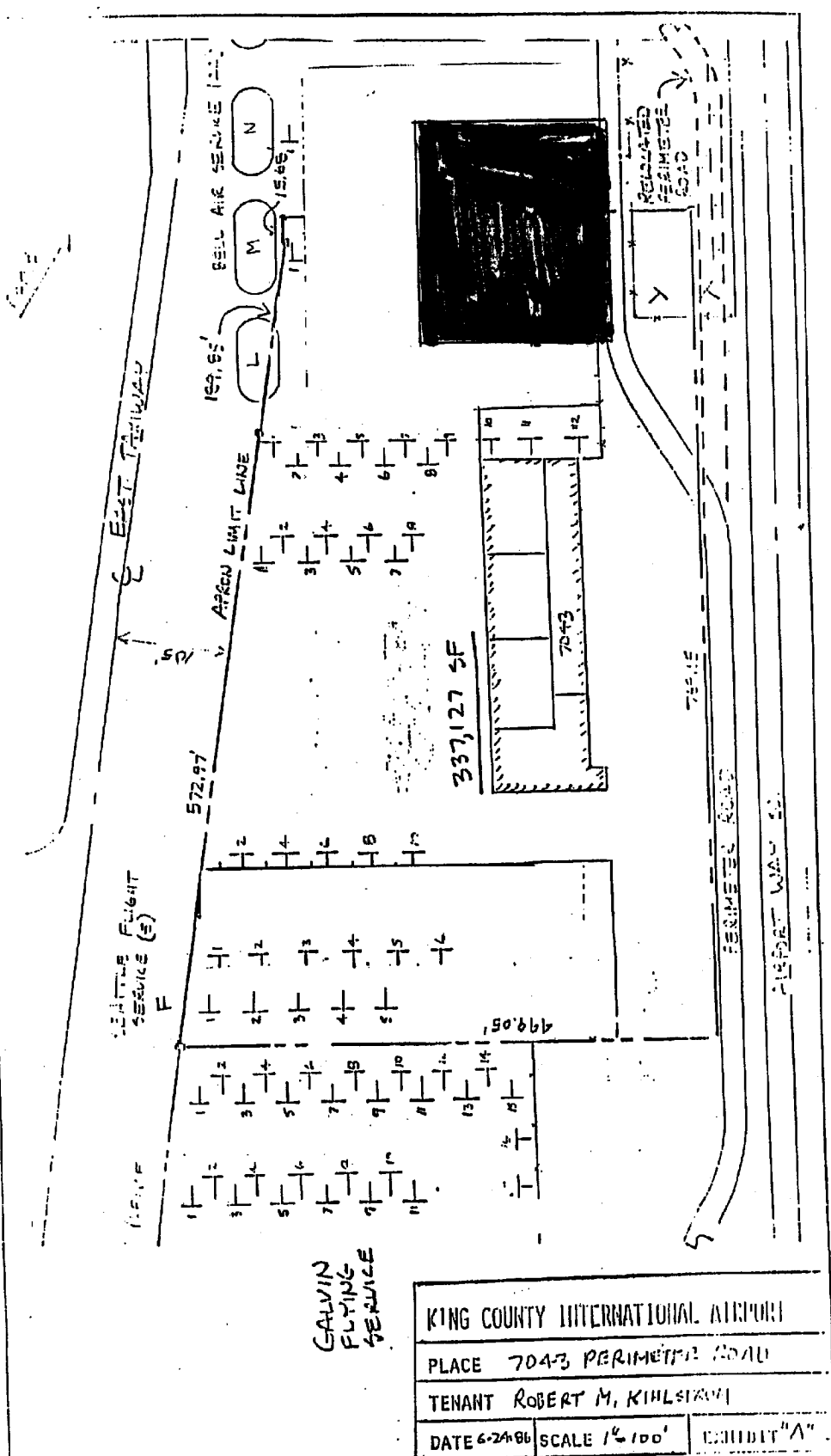
LESSEE:


Galvin Filing Service, Inc.

By: _____
Secretary

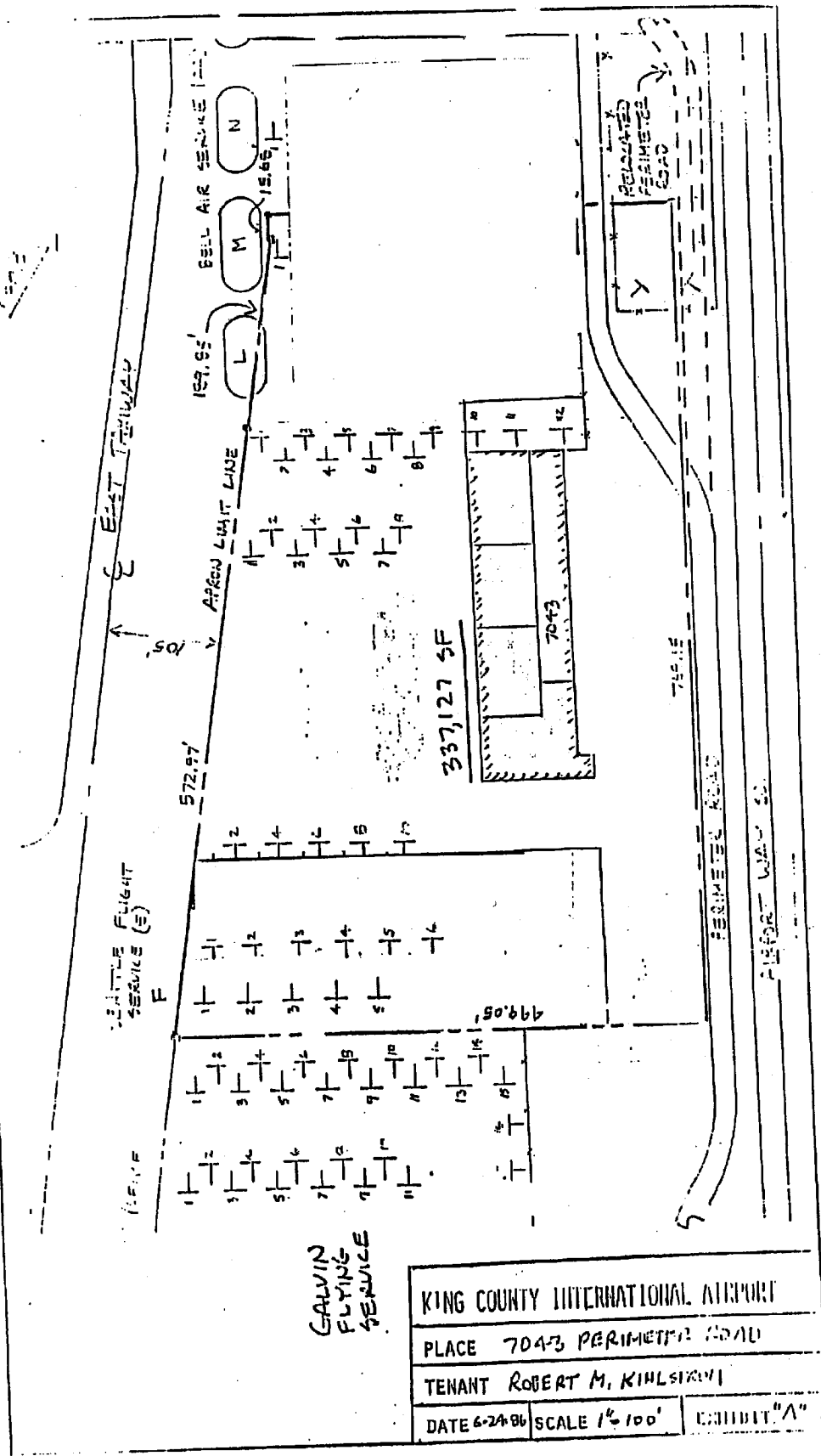
By: 
Its: President

Exhibit A New Premises



KING COUNTY INTERNATIONAL AIRPORT		
PLACE 7043 PERIMETER ROAD		
TENANT ROBERT M. KIHLSCHNIG		
DATE 6-24-86	SCALE 1"=100'	EXHIBIT "A"

Exhibit B Existing Premises

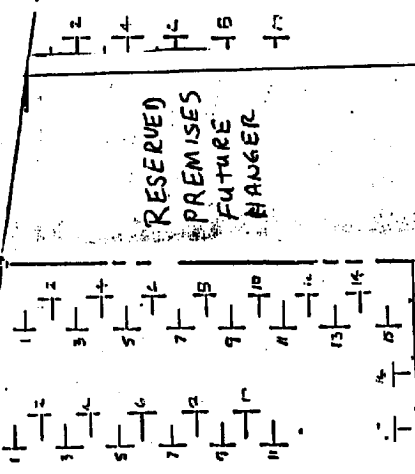


KING COUNTY INTERNATIONAL AIRPORT		
PLACE 7043 PERIMETER ROAD		
TENANT ROBERT M. KINLSKIN		
DATE 6-24-86	SCALE 1" = 100'	EXHIBIT "A"

Reserved Premises

100'

RESERVED FLIGHT SERVICE (S)

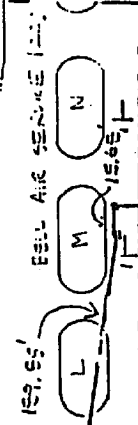


GALVIN FLYING SERVICE

RESERVED PREMISES FUTURE HANGER

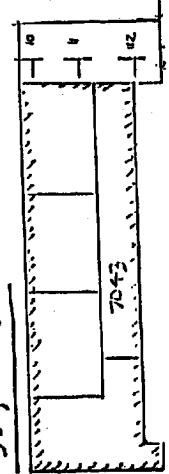
572.97'

APPROX LIGHT LINE



129.55' ELL AIR SERVICE 100'

337,127 SF



7043

PERIMETER ROAD

PERIMETER ROAD

KING COUNTY INTERNATIONAL AIRPORT		
PLACE 7043 PERIMETER ROAD		
TENANT ROBERT M. KIHLSKAMP		
DATE 6-24-86	SCALE 1/2" = 100'	EXHIBIT "A"